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**FISCAL IMPACT STATEMENT**

**LS 7057**

**BILL NUMBER:** HB 1004

**NOTE PREPARED:** Jan 13, 2013

**BILL AMENDED:**

**SUBJECT:** Early Education Scholarship Pilot Program.

**FIRST AUTHOR:** Rep. Behning

**BILL STATUS:** As Introduced

**FIRST SPONSOR:**

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill establishes the Early Education Scholarship Pilot Program to provide supplemental funding for eligible children receiving eligible services from certain early education providers. The bill also establishes the early learning advisory committee.

The bill provides that a child who receives an Early Education Scholarship and meets certain other criteria is eligible for purposes of the school scholarship program.

**Effective Date:** Upon passage; July 1, 2013.

**Explanation of State Expenditures:** *Early Education Scholarship Program:* The bill establishes a two year pilot program to provide preschool education scholarships to eligible 3-year old and 4-year old children in five counties selected by the Division of Family Resources (DFR). The potential cost of the pilot program is indeterminable and will depend on the counties selected, participation rates by eligible children, and appropriations. The bill provides for a maximum scholarship of \$6,800 per child. If the pilot program annually funds 1,000 preschool education scholarships at the maximum scholarship level, the program cost could total about \$7.2 M annually consisting of \$6.8 M in scholarships and about \$358,000 for administrative cost. This bill does not contain an appropriation for this program.

*Early Learning Advisory Committee:* The bill creates this committee to assess and evaluate the pilot program and to perform other duties relating to preschool education. The committee is to be staffed and financed by the DFR. Increases in DFR workload and expenditures relating to the committee are expected to be minimal and could be provided from an appropriation made for the pilot program.

*Choice Scholarship Program:* Under the bill, a child that receives a Early Education Scholarship would be eligible to receive a Choice Scholarship when they are school age. This could increase the cost of the Choice Scholarship Program in the future. The average Choice Scholarship for the 2013 school year is about \$3,900 per student. Any increase in state expenditures to provide Choice Scholarships to children who will become eligible because they received an Early Education Scholarship would depend on the total number of children selected for participation in the pilot program as well as the number of Choice Scholarships that are available at the time of application.

The maximum number of scholarships for the 2011-2012 school year was 7,500 and the maximum number of scholarships for the 2012-2013 school year is 15,000. The following table reports the number of scholarships and value of those scholarships for FY 2012 and 2013.

<b>Fiscal Year</b>	<b>Number of Scholarships</b>	<b>Value of Scholarships</b>
2012	3,911	\$ 15.6 M
2013	9,130	\$35.9 M

*Additional Information:*

*Early Education Scholarship Pilot Program:* This bill creates a two year pilot program for FY 2014 and FY 2015 to provide preschool education scholarships to children: (1) who are at least 3 years old but less than 5 years old ; (2) who are state residents; (3) whose family income does not exceed 185% of the federal poverty level (FPL); and (4) and who receives a minimum of 180 days of eligible care.

The maximum scholarship under the pilot program is \$6,800 per child and the pilot program is limited to five counties selected by the DFR. However, the bill also requires that the total amount of scholarships provided to eligible children may not exceed the appropriation for scholarships less any appropriation for administration of the pilot program.

FSSA reports the administrative costs for the federal Child Care Development Fund (CCDF) program, by federal law, cannot exceed 5% of the total program budget for the program. Grossing up the expenditure of \$6.8 M for \$1,000 scholarships, the administrative cost for the program could total \$358,000.

According to the Kids Count Data Center, an estimated 81,150 3-year old and 4-year old children in the state have a family income at or below 185% FPL. Out of this group, the following three groups of children already participate in federally funded preschool programs:

- (1) 9,515 children receive CCDF vouchers.
- (2) 3,228 children are served by Title I preschools.
- (3) 15,530 children are served by Head Start programs.

On a statewide basis, this would leave a total of 52,877 3-year old and 4-year old children who could meet the eligibility criteria of the five county pilot program.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** See *Explanation of State Expenditures* regarding Choice Scholarships.

**Explanation of Local Revenues:**

**State Agencies Affected:** Division of Family Resources.

**Local Agencies Affected:** Schools.

**Information Sources:** Melanie Brizzi, DFR; Christina Hage, FSSA; Kids Count Data Center; Federal Head Start Program.

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